

CHAPTER 1. HUD USER FEES AND CHARGES SYSTEM

1-1 Purpose

The purpose of this Handbook is to provide policy and guidance to HUD program managers for implementing and maintaining an equitable and uniform system of user charges in accordance with legislation and Office of Management and Budget (OMB) guidance on user fees.

1-2 Background

A. Legislative Authority. Title V of the Independent Office Appropriations Act of 1952, now codified in 31 U.S.C. 9701, provides the general authority and requirements for User Fees. This legislation, commonly referred to as the User Charge Statute, provides that:

- Government services benefiting individuals be self-sustaining to the extent possible; and
- Fair fees – based on costs, values, public policy, and other relevant facts – be charged for services to recipients.

Specific legislation has been enacted for many of HUD's fees that set amounts or prescribe the basis to be used in establishing fee levels. Also, while the User Charge Statute provides for the deposit of fee income in the Treasury as miscellaneous receipts, HUD program legislation authorizes the use of such income to assist in the funding of authorized appropriation levels for some specific programs.

B. Office of Management and Budget Guidance.

1. OMB Circular A-25, issued September 23, 1959 and revised July 8, 1993 (See Appendix A, especially Section 6, pages A-2 and A-3), contains the following guidance for implementing the User Charge Statute and developing an equitable and uniform system of charges for government services:

- A charge should be imposed when the service: (1) enables the recipient to obtain more immediate or substantial gains or values than those which accrue to the general public; (2) provides business stability or assures public confidence in the business activity of the recipient; or (3) is performed at the recipient's request and is above and beyond the services normally received by other members of the same industry or by the general public;

- If the ultimate recipient is obscure and the service can be construed to benefit the public as a whole, then a charge should not be imposed for the service;
 - To determine costs, the agency should use the best available records and is not required to establish a new and separate cost accounting system for this purpose. The cost of computation must include all direct and indirect costs of providing the service including salaries and other personnel costs, travel, rent, postage, maintenance, operations, and an appropriate share of the agency's general and administrative costs; and
 - The costs of providing the services should be reviewed **biennially** and fees should be adjusted as necessary to recover full costs.
2. OMB Circular A-11 § 20.7 (g) defines a user charge as a fee, charge, or assessment the Government levies on a class of the public directly benefiting from, or subject to regulation by, a Government program or activity. This section also provides a helpful list of inclusions and exclusions, for comparison.
- C. For additional guidance and perspective, see the GAO report, "Federal User Fees – A Design Guide," issued in May 2008 and available on the GAO website at <http://www.gao.gov/assets/210/203357.pdf>.

1-3 **HUD Policy and Scope.**

It is the policy of the Department that a reasonable charge should be assessed to each identifiable recipient for a measurable unit or amount of Government service or property from which the recipient derives a special benefit.

- A. To effectively carry out this policy, managers for the Department's programs are responsible for complying with the general policies contained in the User Charge Statute and OMB Circular A-25, in accordance with Departmental policies established in this Handbook. This will provide a consistent, sound and supportable basis for management decisions regarding user fees.
- B. Many of the Department's programs already incorporate statutory and regulatory provisions for the collection and disposition of fees. This Handbook seeks to clarify program managers' responsibilities for reviewing fee arrangements **biennially**, as a part of the Department's regular budget formulation process.
- C. Program managers should also review new programs in light of the policies contained in this Handbook.